



MEDIA RELEASE

STATE OF TENNESSEE
DEPARTMENT OF HUMAN SERVICES

FOR IMMEDIATE RELEASE
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SLUGGISH NATIONAL ECONOMY FORCES MORE TENNESSEEANS TO SEEK PUBLIC ASSISTANCE

DHS FACES PROJECTED BUDGET SHORTFALL IN FAMILIES FIRST PROGRAM

NASHVILLE, Tenn. – The downturn in the national economy has created a substantial problem for the Department of Human Services and its welfare-to-work program, Families First. With the caseload rising yet no corresponding increase in federal funding, the Department faces a \$46 million shortfall for the current fiscal year.

The weak economy that has increased the number of people seeking assistance has taken its toll on the DHS budget. Over the past three years, the caseload has grown 24 percent, from 56,000 to 71,000 cases, in the last three years. That number includes 134,000 children. As a result, the Department is forced to make some adjustments with optional services in an effort to preserve funding for the most vulnerable Families First populations.

The Department is proposing to divert \$22.4 million from non-mandated Families First and Child Care assistance programs to cover the projected gap. Specifically:

- Almost \$7.4 million in administrative areas, which should not have a direct impact on DHS clients.
- Beginning in October, DHS will eliminate the subsidy payments for child care transportation and the registration and application fees DHS pays to child care operators. Both of these are not mandated and to our knowledge not provided by other states.
- DHS will increase the work activity requirements to receive transitional child care benefits from 20 to 40 hours a week to match the Families First requirements.

“The department had to make some tough choices,” said DHS Commissioner Gina Lodge. “As we weighed the options, the key for us was providing a safety net for the most vulnerable in our program. We are working with advocates to fine tune our Families First portion of the proposal in order to have minimum impact on our clients.”

DHS is able to preserve child care assistance to the low income working families currently enrolled in the program, for the time being. There are 6,500 children being served by this program, in addition to the 52,000 Families First children in child care.

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“Without this assistance, many of these low income working families might be forced back onto the Families First rolls which would, in turn, cost the state considerably more,” said Commissioner Lodge. “It is unfortunate that there is a waiting list of 22,000 children for this program, and they will not be able to receive assistance in the foreseeable future.”

To fill in the remaining gaps, Governor Bredesen has allocated \$24 million from the one-time “Essential Services” funds provided to Tennessee by the federal government. This one-time funding will give the department time to see if the economy improves or additional federal assistance can be found before diverting more funds within the program.

Families First is Tennessee's welfare reform plan which replaced the Aid to Families with Dependent Children (AFDC) program in 1996. The temporary cash assistance program emphasizes work, training and personal responsibility. Families are eligible for cash benefits for no more than 18 months (whether sequential or not) before exiting the program for 3 months. The limit for lifetime assistance is 60 months.

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